

GRAU & COMPANY, P.A.
2700 North Military Trail
Suite 350
Boca Raton, FL 33431
(561) 994-9299

HAAS, DIAZ & CO.
1601 Belvedere Road
Suite 200, East
West Palm Beach, FL 33406
(561) 686-1551

INDEPENDENT AUDITORS' REPORT

To the Governing Board of
South Florida Water Management District

We have audited the accompanying schedule of state financial assistance of South Florida Water Management District, as of and for the year ended September 30, 2000. This schedule is the responsibility of South Florida Water Management District's management. Our responsibility is to express an opinion on this schedule based on our audit.

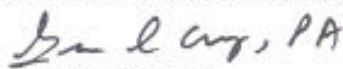
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule presentation. An audit also includes assessing the accounting principles used and the significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 3, this schedule has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

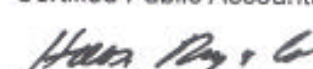
In our opinion the schedule referred to in the first paragraph presents fairly, in all material respects, the schedule of state financial assistance of South Florida Water Management District, as of and for the year ended September 30, 2000, on the basis of accounting described in Note 3.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 2, 2001, of our consideration of South Florida Water Management District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Grau & Company, P.A.
Certified Public Accountants


January 2, 2001

Haas, Diaz & Co.
Certified Public Accountants


January 2, 2001

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

| <u>State Agency and Program Title</u> | <u>State Contract/Grant Number</u> | <u>Federal CFDA Number</u> | <u>State Receipts</u> | <u>Federal Through State Receipts</u> | <u>Total Receipts</u> |
|--|--|------------------------------------|---------------------------|---|---------------------------|
| Department of Environmental Protection | | | | | |
| Aquatic Plant Control | DACW17-85-H-0020 | 12.100 | \$6,477,311 | \$500,000 | \$6,977,311 |
| Melaleuca Plant Control | AP134 | N/A | 1,121,578 | | 1,121,578 |
| Pollution Management | WM698 | 66.460 | | 9,250 | 9,250 |
| Subtotal | | | <u>7,598,889</u> | <u>509,250</u> | <u>8,108,139</u> |
| Department of Community Affairs | | | | | |
| Mutual Aid Agreement | EMAC-F-11 | | 75,341 | | 75,341 |
| Disaster Relief Agreement | 96RM-7A-14-00-20-008 | 83.516 | | 219,901 | 219,901 |
| Disaster Relief Agreement | 99RM-05-13-00-20-00009-20-009 | 83.545 | 31,533 | | 31,533 |
| Disaster Relief Agreement | 00RM-xx-13-00-49-164 | 83.544 | 24,068 | 149,259 | 173,327 |
| Disaster Relief Agreement | 00RM-aa-13-00-1611 | 83.544 | 17,561 | 109,177 | 126,738 |
| Subtotal | | | <u>148,503</u> | <u>478,337</u> | <u>626,840</u> |
| Total - State Financial Assistance | | | <u>\$7,747,392</u> | <u>\$987,587</u> | <u>\$8,734,979</u> |

The accompany notes are an integral part of this schedule.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2000**

1. GENERAL

The accompanying Schedule of State Financial Assistance included herein represents the activity of all state financial assistance programs of South Florida Water Management District (the "District") as well as federal programs passed-through the State of Florida.

2. SCOPE OF AUDIT

State grant awards have been audited in accordance with the State of Florida Rules of the Auditor General Chapter 10.600, "Audits of State Grants and Aid Appropriations" ("Chapter 10.600"). Federal awards passed-through the State of Florida are deemed susceptible to audit in accordance with the provisions of OMB Circular A-133 Compliance Supplement and/or Chapter 10.600. Final determination that the terms and conditions of the State of Florida grants have been complied with rests solely with the respective Florida grantor agencies.

3. BASIS OF PRESENTATION

The accompanying Schedule of State Financial Assistance includes monies received during the fiscal year ended September 30, 2000.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF SCHEDULE OF STATE FINANCIAL ASSISTANCE
PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Governing Board of
South Florida Water Management District

We have audited the schedule of state financial assistance of South Florida Water Management District, as of and for the year ended September 30, 2000, and have issued our report thereon dated January 2, 2001, which included an explanatory paragraph as the schedule of state financial assistance has been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Except as disclosed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether South Florida Water Management District's schedule of state financial assistance is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of schedule of state financial assistance amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Florida Water Management District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the schedule of state financial assistance and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the schedule of state financial assistance being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to

be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of South Florida Water Management District in a separate letter dated January 2, 2001.

This report is intended for the information of the Governing Board, the District's management, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Company, P.A.
Certified Public Accountants


January 2, 2001

Haas, Diaz & Co.
Certified Public Accountants


January 2, 2001

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**INDEPENDENT AUDITORS' REPORT ON EXAMINATION OF
MANAGEMENT'S ASSERTION ABOUT COMPLIANCE
WITH SPECIFIED REQUIREMENTS**

To the Governing Board of
South Florida Water Management District
West Palm Beach, Florida

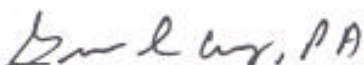
We have examined management's assertion about South Florida Water Management District's compliance with the allowable cost and performance requirements established in the grant agreements applicable to the state grants and aids appropriations identified on the Schedule of State Financial Assistance for the year ended September 30, 2000, included in the accompanying Management Assertion Report. Management is responsible for South Florida Water Management District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about South Florida Water Management District's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about South Florida Water Management District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on South Florida Water Management District's compliance with specified requirements.

In our opinion, management's assertion that South Florida Water Management District complied with the aforementioned requirements during the fiscal year ended September 30, 2000, is fairly stated in all material respects.

This report is intended for the information of the Governing Board, the District's management, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Company, P.A.
Certified Public Accountants



January 2, 2001

Haas, Diaz & Co.
Certified Public Accountants



January 2, 2001



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

3301 Gun Club Road, West Palm Beach, Florida 33406 • (561) 686-8800 • FL WATS 1-800-432-2045 • TDD (561) 697-2574
Mailing Address: P.O. Box 24680, West Palm Beach, FL 33416-4680 • www.sfwmd.gov

MANAGEMENT ASSERTION REPORT

We hereby assert that South Florida Water Management District complied with allowable cost and performance requirements of the grants and aids appropriations identified on the attached Schedule of State Financial Assistance during the fiscal year ended September 30, 2000.

A handwritten signature in black ink, appearing to read "Paul E. Dumars, Sr.", written over a horizontal line.

Paul E. Dumars, Sr.
Director, Division of Finance and Administration

A handwritten signature in black ink, appearing to read "Steve Parris", written over a horizontal line.

Steve Parris
Director, Department of Accounting and Financial Services

January 2, 2001